

**The Assistant Secretary of the Navy**

(FINANCIAL MANAGEMENT AND COMPTROLLER)

1000 NAVY PENTAGON

WASHINGTON, D.C. 20350-1000



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I am pleased to present the Department of the Navy's Fiscal Year 2004 Annual Financial Report. Improvements in the Department's stewardship of public resources are reflected in this year's report.

As the Department of the Navy continues to provide Congress and the public with relevant, reliable, and timely financial information, and strives for favorable audit opinions, accountability becomes even more important as we prosecute the Global War on Terrorism and support the nation's defense needs. The Department's Financial Improvement Plan will help us achieve our goal.

The Financial Improvement Plan identifies actions and timeframes for correcting financial management deficiencies in the Department and will result in further improvements in the Principal Statements and notes presented in this Annual Financial Report. Measurements of success have also been built into this plan. Our financial improvement efforts focus on maintaining a highly skilled workforce; standardizing and transforming business processes; and maintaining and aligning systems with the Department of Defense Business Management Modernization Program. This effort must and will succeed.

I am proud of the Department of the Navy's progress thus far, and the enthusiasm exhibited by all communities that support the business processes that provide our war fighters with the resources and financial intelligence to succeed. We must sustain this momentum, leverage lessons learned, and move forward with transformational initiatives.

A handwritten signature in dark ink, appearing to read 'R. Panek'.

Robert L. Panek

Acting